

Foreign Recipients of U.S. Income, and Tax Withheld, 1987

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Total U.S. source income paid to foreign persons (including individuals, corporations and other organizations) approached \$23 billion in 1987, a 4 percent increase over the amount paid in 1986 [1]. Tax withheld on this income rose by more than 13 percent, to \$1.3 billion.

Japan was, for the first time ever, the recipient of the most U.S. source income, receiving \$4.5 billion in 1987. This represents an increase of 56 percent over the previous year. Income paid to the United Kingdom, the former leader, increased 15 percent, from \$3.7 billion in 1986 to \$4.3 billion in 1987.

BACKGROUND

A U.S. individual or organization paying income to a foreign individual (who, for tax purposes, was not a resident or citizen of the United States) or to a corporation or other organization that was not incorporated or organized in the United States reports this income and the U.S. tax withheld on Form 1042S, Foreign Persons' U.S. Source Income Subject to Withholding. Although the basic tax rate is 30 percent, certain types of income are taxed at lower rates [2]. Since 1984, portfolio interest payments have been exempt. Additionally, tax treaties, which the U.S. has entered into with most of its principal trading partners, allow income paid to residents of these countries to be taxed at lower rates.

In most instances the tax withheld on foreign persons represents the final tax liability; the foreign recipients thus do not have to file a U.S. income tax return because their tax liability is satisfied by withholding at source. The responsibility for withholding this tax belongs to the payer or a representative of the payer (usually a financial institution).

Income "effectively connected" with a foreign recipient's U.S. trade or business is exempt from withholding tax. This income is taxed by the United States separately. The foreign recipient is required to file a U.S. tax return (Form 1120F for foreign corporations; Form 1040NR for foreign individuals), and the income is taxed in a manner similar to that for income received by a U.S. citizen or corporation. Such income is generally not included in the statistics for U.S. source income presented here. U.S. source income discussed in this article also excludes bank deposit interest. (See "Explanation of Selected Terms.")

U.S. source income is taxed at a flat rate (generally 30 percent) rather than being subject to graduated tax rates as is the income of U.S. individuals and organizations (and "effectively connected" income of foreign persons). Most foreign persons receiving income from U.S. sources are not required to file U.S. income tax returns (which would require that they consolidate all of their U.S. income), because it is difficult for the United States to tax a foreign person on a net basis on income that is not effectively connected to a U.S. trade or business. Since it is difficult, if not impossible, for the Internal Revenue Service to verify expenses of a foreign person, the Internal Revenue Service taxes the foreign person's gross income. Also, the tax is not based on the foreign person's worldwide income so graduated rates may not be appropriate. Therefore, the flat rate withholding is employed in situations involving foreign individuals or organizations who received many classes of income from one or more U.S. source.

The Social Security Amendments of 1983 required U.S. tax withholding on certain benefits paid to foreign persons beginning in 1984. At the same

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time, the Railroad Retirement Act of 1937 was also revised to require withholding on certain payments to foreigners. As a result, \$71 million in taxes was withheld in 1987 on \$793 million of social security and railroad retirement benefit payments.

The Deficit Reduction Act of 1984 removed the withholding tax on most interest payments made to foreigners. This exemption was effective for all qualified debt issues made after July 18, 1984. The Act was intended to reduce U.S. borrowing through tax-haven countries, and to encourage U.S. corporations to borrow foreign funds through direct Eurobond placements [3]. The interest paid on these new issues was exempted from withholding tax regardless of the recipient's country. The amounts, however, are still reported on Form 1042S and are included in these statistics.

DATA HIGHLIGHTS AND TRENDS

The most significant changes occurring in 1987 were the marked increase in the income paid to Japan, and the large decrease in income paid to the Netherlands Antilles. These two topics are addressed in the "Country of Recipient" and "Tax Haven Countries" sections of this article.

While the total income paid to foreign recipients increased by only 4 percent between 1986 and 1987, total tax withheld increased 13 percent. This occurrence is explained by the fact that there was a large increase in dividend income. Income from dividends (which is rarely exempt from withholding tax) increased from \$6.5 billion in 1986 to \$8.0 billion in 1987. The \$1.5 billion increase in dividend income was partly offset by a slight drop in interest income, rents and royalties income, and personal services income. Consequently, total income increased by only \$900 million from the 1986 level.

The average payment increased \$761 from 1986 to \$21,033. Likewise, the average tax withheld on these payments increased approximately \$200 to \$1,209. These changes are accounted for by increases in both total income (4 percent) and tax withheld (13 percent), but an almost imperceptible increase in the number of Forms 1042S being filed (0.51 percent).

The average effective tax rate (tax withheld as a percentage of total income) for all countries rose slightly from 5.29 in 1986 to 5.75 percent in 1987.

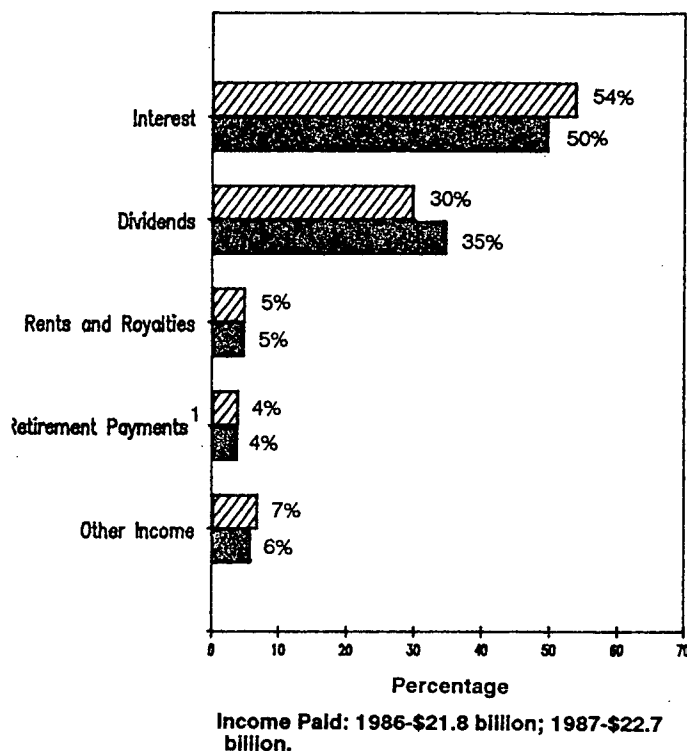
The effective rate is significantly lower than the 30 percent basic rate. The disparity between the two rates reflects the significant impact of income which is exempt from withholding (such as most interest payments), as well as income subject to reduced or zero withholding rates due to tax treaties.

TYPES OF INCOME

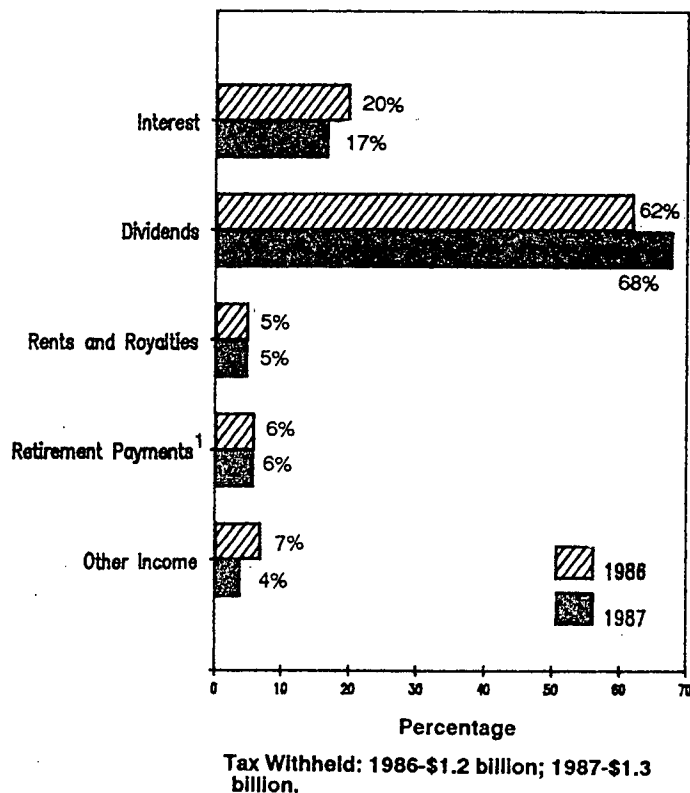
As Figure A shows, interest paid remained the largest single portion of total income paid, although the amount did drop from its 1986 level. While interest accounted for 50 percent of the total income paid, tax withheld on this income accounted for only 18 percent of the total amount of tax withheld. The disproportionately small amount of withholding on interest payments stems from two main sources; the 1984 Deficit Reduction Act, and treaty exemptions. At the same time, dividends paid, as a percent of total income paid to foreigners in 1987, increased 5 percent. Thus, dividend payments made up 35 percent of all income paid to nonresident aliens. The tax withheld on dividends constituted 68 percent of the total tax withheld. In contrast to interest, dividends are rarely exempt from withholding tax. The increase in dividend payments may be explained in large part by the shifting of foreign holdings away from U.S. Treasury securities and into other U.S. securities. Foreign holdings of U.S. corporation stock increased notably during the first three quarters of 1987, with purchases for that period exceeding the combined purchases of the two prior years [4]. After the stock market crash of October 19, 1987, foreigners were somewhat leary of the U.S. market, and there were large sales [5]. For the year, however, foreign persons made net stock purchases of \$15 billion, and this may, in part, account for the 23 percent rise in dividend payments, from \$6.5 billion in 1986 to \$8 billion in 1987 [6].

This is only the third year for which statistics on social security and railroad retirement benefit payments are available. These payments constituted only 3 percent of total income paid in 1987 to nonresident aliens. The total amount of these payments increased from \$769 million in 1986 to \$793 million in 1987, a rise of 3 percent. The percentage of the total going to each country, however, remained virtually unchanged from 1986 (see Figure B). As in the two previous years, Canada and Mexico together received more than 40 percent of all social security and railroad retirement benefit payments. Because these two countries border the United States many

Figure A
Percentage of Total Income Paid, by Income Type, 1986 and 1987



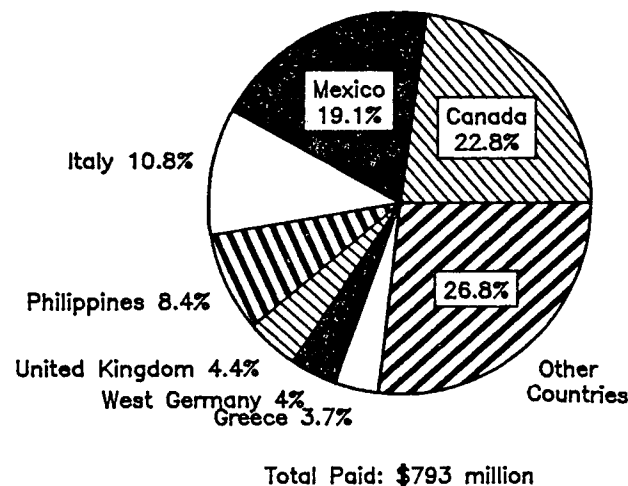
Percentage of Total Tax Withheld by Income Type, 1986 and 1987



¹Includes social security and railroad retirement payments.

of their residents have worked in the United States, and are therefore entitled to these benefits.

Figure B
Percentage of Social Security and Railroad Retirement Payments to Recipients in Selected Countries, 1987



TYPE OF RECIPIENT

Corporations received 62 percent of all U.S. source income paid to foreign persons in 1987, but accounted for only 53 percent of the total tax withheld. One reason for this difference was that corporations received 59 percent of their income from interest (which was subject to low or zero withholding tax), and only 30 percent of their income from dividends. Also, direct investment dividends (dividends paid on the investment of a parent company in a subsidiary or other affiliate) were subject to a lower tax rate under some tax treaties than were portfolio dividends.

The next two largest classes of income recipients were nominees and fiduciaries, (\$2.8 billion, 12 percent of total) and individuals (\$2.2 billion, 9 percent of total). Nominees and fiduciaries accounted for 14 percent of total tax withheld on U.S. source income, while individuals accounted for 17 percent of that total.

For reasons previously mentioned, the effective withholding tax rate for corporations was significantly lower than the effective rate for most other types of recipients. The effective U.S. withholding tax rate

for corporations was 4.9 percent, compared with an effective tax rate of 7.2 percent for all other types of recipients.

Government, international, and foreign tax-exempt organizations received 4.3 percent of total U.S. source income paid to foreign persons, but the tax withheld on this income constituted only 0.4 percent of the total tax withheld in 1987. Generally, tax is not withheld on payments to such organizations if the Internal Revenue Service has determined that they are not foreign private foundations [7].

The average payment received by individuals was by far the smallest of any recipient type, at \$2,517, a 2 percent drop from 1986. For corporations the average payment was \$177,320, an increase of 7.2 percent from the previous year. Government, international and foreign tax-exempt organizations received the largest average payment at \$2,714,458.

Figure C shows the distribution of income received and tax withheld by various types of income for several categories of foreign recipients. Thirty-seven percent of the total income paid to individuals was in the form of social security payments and railroad retirement benefits, thereby explaining the very large "other" income paid to individuals as shown in Figure C. Similarly, tax withheld on these social security and railroad retirement benefits constituted 32 of the 53 percent of the tax withheld on "other" income.

COUNTRY OF RECIPIENT

Figure D shows the percentage of total income paid and the total tax withheld for the nine countries with the largest U.S. source income. Because Belgian nominees once again received large interest payments, (\$841 million) the final recipients of this income may not have been Belgian residents. For this reason the data on Belgium may be somewhat overstated.

As mentioned previously, payments to Japan in 1987 increased 56 percent and payments to Japanese residents accounted for 20 percent of the total income paid to foreign persons. Japan's move to the position of the largest income recipient comes as no surprise. Japan's U.S. source income has increased steadily in the years prior to 1987. Figure E plots Japan's U.S. source income in both current and constant dollars for the period 1982 through

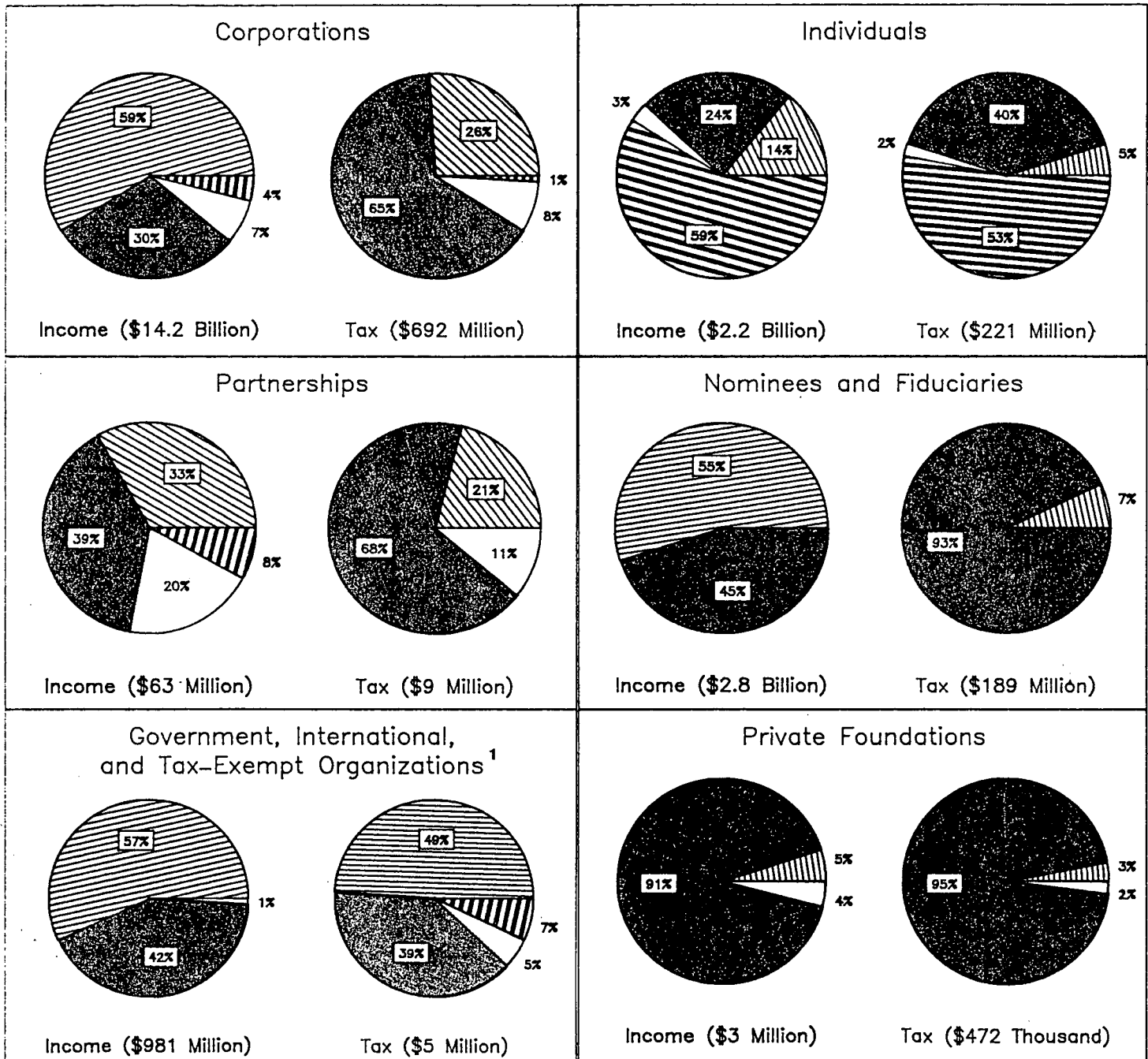
1987 [8]. During the mid to late 1980's, Japanese residents purchased over \$50 billion in U.S. Treasury bonds. In 1986, U.S. real estate purchases by the Japanese were estimated at \$4 billion [9]. Most notably, Japan accounted for more than 70 percent of the foreign purchases in the U.S. stock market during the first three quarters of 1987. The strong value of the yen, and the relaxation of certain restrictions imposed by the Japanese government on foreign portfolios made the United States bull market an extremely attractive place for Japanese investment [10]. This strong stock investment was reflected in a 134 percent increase in the dividend payments made to Japan; from \$380 million in 1986 to \$888 million in 1987.

The Netherlands Antilles lost the biggest percentage of total U.S. source income from 1986 to 1987. Antilles' U.S. source income dropped 39 percent from \$2.9 billion in 1986 to \$1.7 billion in 1987. This decrease may have stemmed from a number of causes. The principal reason was probably the expected response to the removal of the withholding tax on most types of interest for issues made after July 1984. As previously mentioned, the intent of this change was partly to decrease interest paid to the Netherlands Antilles by facilitating borrowing directly from persons in other countries that are not considered tax havens (See "Tax Haven Countries.")

It is, however, likely that another factor may have played a role in the drop in U.S. source income paid to the Netherlands Antilles. On June 29, 1987, the U.S. Treasury Department announced the termination of a 40-year old tax treaty with the Netherlands Antilles, effective January 1, 1988. A new treaty had been under negotiation for some time in which the United States sought to introduce rules to prevent the use of the United States-Netherlands Antilles treaty by residents of a third country for channelling investment into the United States. The announcement of the termination by the Treasury Department set off a flurry of activity in the Eurobond market. Bonds issued in the 1970's and early 1980's had been issued at interest rates significantly higher than the prevailing rate of June 1987. Additionally, the majority of the bonds issued through the Netherlands Antilles included a caveat that allowed the issuing corporations to call the bonds and refinance the debt at current rates if there was ever a change in the treaty status of the Antilles. A number of U.S. corporations intended to take advantage of this by paying off some very expensive debt early, while

Figure C

Percentage of Income Paid and Tax Withheld by Income and Recipient Type, 1987

¹Other than private foundations.

Interest

Dividends

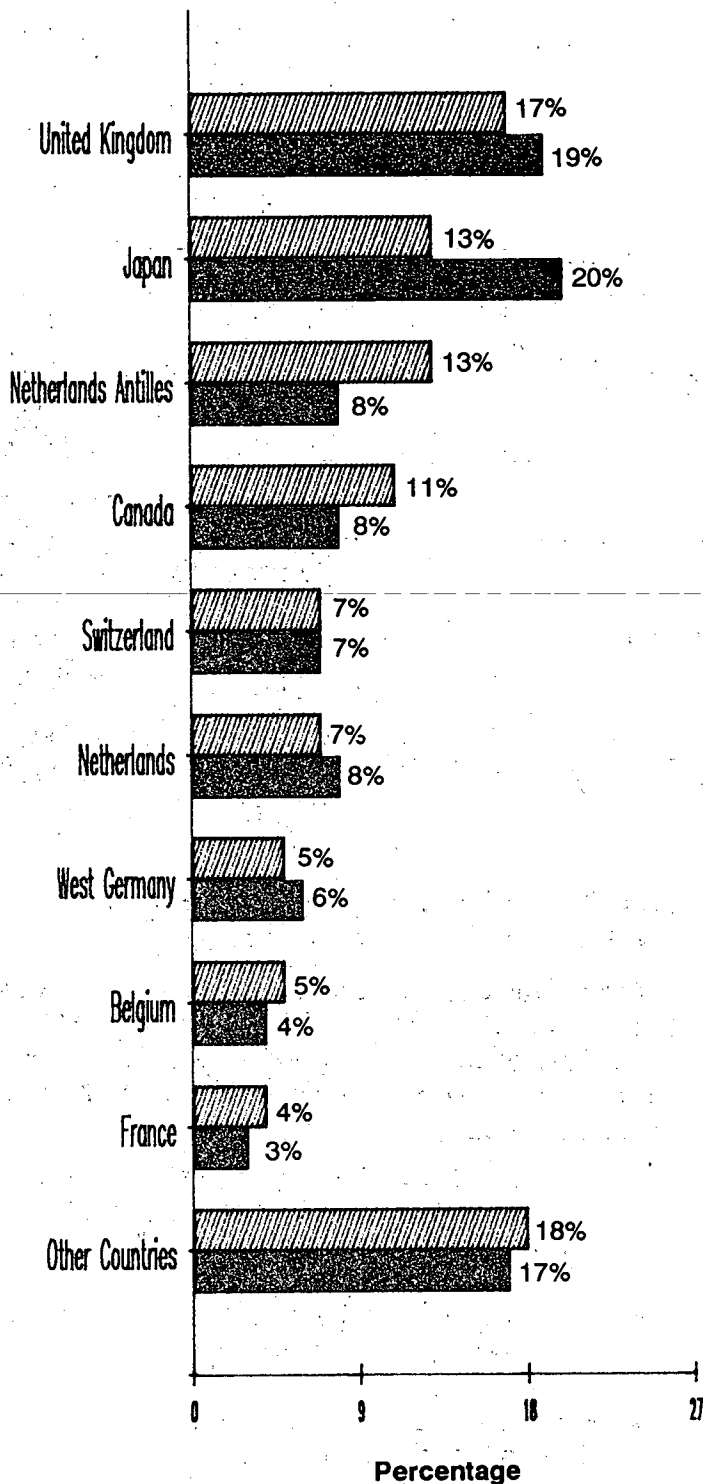


Rents and Royalties

Other Income

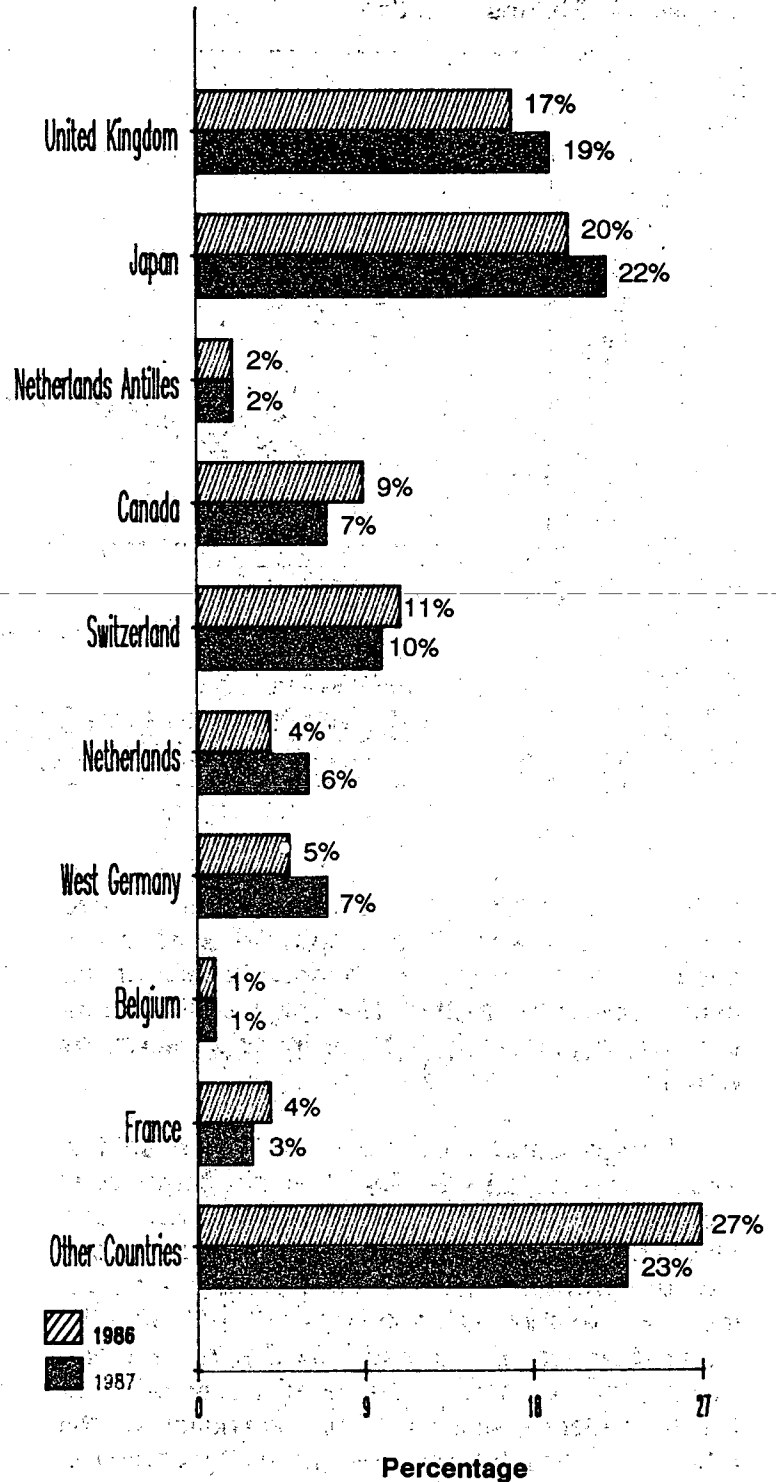
Figure D

Percentage of Total Income Paid, by
Country of Recipient, 1986 and 1987



Income Paid: 1986-\$21.8 billion;
1987-\$22.7 billion.

Percentage of Total Tax Withheld by
Country of Recipient, 1986 and 1987

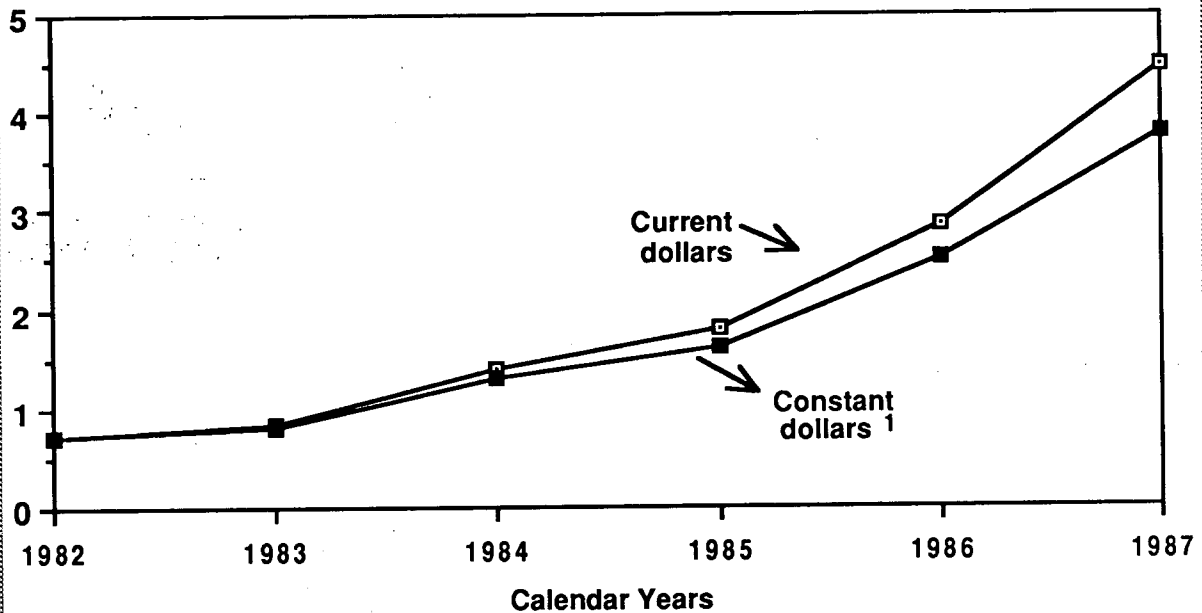


Tax Withheld: 1986-\$1.2 billion;
1987-\$1.3 billion.

Figure E

U. S. Source Income Paid to Japan, 1982 Through 1987

Billions of dollars

¹Adjusted to 1982 dollars.

suffering no penalty [11]. Eurobonds, which had been trading at a premium, dropped dramatically in price upon the Treasury's announcement of the termination of the treaty. Not only was there concern in foreign markets, but U.S. financial institutions were in an uproar as well.

Although Eurobonds must initially be sold in foreign markets, after 90 days they may be resold in the United States. In recent years, U.S. banks and other financial institutions had acquired large holdings of Eurobonds [12]. In order to calm markets, the Treasury announced, on July 10, 1987, that the termination would not apply to the interest provisions, thus preserving the interest exemption for the Netherlands Antilles. The termination of the other provisions, however, eliminated the attractiveness of the Antilles as a conduit for most investments into the United States. The movement of many of these investments from the Antilles would be reflected in a decline in U.S. income payments to the Antilles.

TAX WITHHELD AND EFFECTIVE TAX RATES BY COUNTRY

The overall effective tax rate increased slightly in 1987 to 5.75 percent (from 5.29 percent in 1986). The overall effective tax rate was much lower than the basic U.S. withholding rate of 30 percent for a number of reasons:

- Tax treaties allow for lower tax rates on certain types of payments made to residents of certain countries.
- U.S. income paid to foreign government organizations is generally not taxed.
- Most U.S. income paid to foreign private foundations is taxed at only a 4 percent rate. The statutory rate for social security and railroad retirement benefit payments is 15 percent.
- The Tax Reform Act of 1984 removed the withholding tax on most types of interest.

These factors result in considerable variation among countries (as well as among types of recipients and income paid) in the effective U.S. withholding-tax rate (tax withheld as a percentage of total income paid).

Figure F ranks the 15 countries with the lowest effective U.S. withholding-tax rates for 1987. Tax withheld by foreign governments and foreign withholding agents is not included in this figure (except for Canada), because such tax cannot be properly attributed to income for a particular year. (See "Data Sources and Limitations.") This tax is, however, shown in Table 1 at the end of this article. Only countries receiving at least 500 payments and \$1 million or more of U.S. source income were considered for this ranking.

Figure F.—Ranking of 15 Countries With Lowest Effective U.S. Tax Rates, 1987

[Money amounts in thousands of dollars]

Country	Total income	Tax withheld	Effective U.S. tax rate
	(1)	(2)	(3)
All countries ¹	\$22,748,677	\$1,307,308	5.75%
United Arab Emirates	313,954	466	0.15
Singapore	154,882	1,689	1.09
Belgium	999,399	11,660	1.17
Pakistan	15,700	194	1.24
Saudi Arabia	146,185	2,082	1.42
Netherlands Antilles	1,736,794	26,726	1.54
Kuwait	182,769	3,161	1.73
Finland	36,560	654	1.79
Cyprus	7,524	137	1.82
Italy	244,088	7,007	2.87
China	32,435	942	2.90
Taiwan	41,264	1,390	3.37
Malta	1,574	54	3.45
Denmark	30,606	1,153	3.77
Cayman Islands	137,604	5,210	3.79
Other countries ¹	18,667,339	1,244,783	6.67

¹ Includes all other countries not listed, regardless of number of payments or amount of income paid.

As in previous years, the United Arab Emirates had the lowest effective tax rate, 0.15 percent, compared with the average for all countries of 5.75 percent. Although the United Arab Emirates is not a treaty country, most U.S. source income paid to the United Arab Emirates was paid to government organizations, which are generally exempt from withholding tax. The five newcomers to the list of countries with the lowest effective tax rate were Pakistan, Kuwait, Cyprus, China, and Denmark. Three of these, China, Denmark and Cyprus were the beneficiaries of tax treaty agreements which subject them to low withholding tax rates. Canada, New Zealand, Puerto Rico, Bahrain and the Netherlands were displaced from last year's list. While Canada and New Zealand were both tax treaty countries, the

provisions of their treaties did not reduce their withholding tax rates by nearly as much as did the tax treaties of the newcomers, China, Denmark and Cyprus. The low effective tax rates for Kuwait and Pakistan can be explained by the fact that over 94 percent of the income paid to these two countries was exempt from withholding tax.

TAX TREATY COUNTRIES

As a means of avoiding double taxation of income earned in one country by residents of another, the United States has negotiated tax treaties with many countries that reduce the withholding rates in both countries [13]. Presumably any losses in withholding tax revenue resulting from tax treaties are at least partly offset by a reduction in the foreign tax credits claimed by U.S. individuals and corporations against U.S. income tax. Reciprocal tax treaties generally provide for a reduced withholding rate for U.S. recipients of foreign income and for foreign recipients of U.S. income. As a result, U.S. individuals and corporations receiving income from tax treaty countries have less foreign tax withheld, and this usually reduces their foreign tax credit claimed and increases the amount of income tax paid to the United States.

Figure G compares the effective tax rates on payments to recipients in treaty countries (5.4 percent) with those in nontreaty countries (8.0 percent). Because nearly 90 percent of all U.S. source income was paid to residents of treaty countries, there is little difference between the average effective tax rate for all countries and that for treaty countries. (For a list of many of the tax-treaty and nontreaty countries and comparative data on income paid and tax withheld, see Table 1.)

Figure G.—Total Income, Tax Withheld, and Effective U.S. Tax Rates for Treaty and Nontreaty Countries, 1987

[Money amounts in thousands of dollars]

Treaty status	Total income	Tax withheld	Effective U.S. tax rate
	(1)	(2)	(3)
All countries	\$22,748,677	\$1,307,308	5.75%
Treaty countries	19,899,575	1,078,295	5.42
Nontreaty countries	2,849,102	229,013	8.04

Residents in tax treaty countries typically enjoyed lower U.S. withholding tax rates than did recipients in other countries. However, when U.S. source income is paid to a foreign nominee or fiduciary in a

treaty country on behalf of a person in a country not entitled to the treaty benefit, additional withholding may sometimes be collected by the government of the nominee or fiduciary. The purpose of this additional withholding is to prevent citizens of nontreaty countries from taking advantage of the lower tax rates of treaty countries. The additional tax is withheld by the government or withholding agent until the ultimate recipient provides proof of residency in that country. If residency is not proven, the tax is remitted to the United States (as shown in Table 1, column 7). These amounts are not included in the tax withheld data cited in Figure G and elsewhere in this article.

During 1987, the U.S. terminated its treaty with South Africa and announced the cancellation of its treaty with the Netherlands Antilles.

In the fall of 1986, the U.S. Congress passed sanctions against South Africa to protest the policy of apartheid practiced by the South African government. Among these sanctions was a termination of the United States-South Africa tax treaty effective July 1, 1987. Because the change in the treaty status of South Africa came in the middle of the year, the true effects of the termination are not completely reflected in the 1987 data. Additionally, because the treaty did not lower the withholding rates significantly, the effect on U.S. source income paid to South African residents, even when borne out completely, may not be notable.

Prior to the termination of the Netherlands Antilles treaty, residents enjoyed a zero withholding rate on interest and royalties and reduced rates on dividends. With the partial termination of the treaty in January 1988, the withholding rate on dividends and royalties jumped to 30 percent. However, the tax rate on interest paid by U.S. obligors remained at zero because of the decision not to terminate the interest provisions of the United States-Netherlands Antilles treaty.

TAX HAVEN COUNTRIES

Countries having tax and secrecy laws favorable to foreign individuals and organizations are generally considered to be tax havens. They attempt to attract foreign investors by offering taxation lower than that imposed by the investor's own country or by other foreign countries. The tax-haven country typically benefits by collecting certain fees or by impos-

ing taxes at a low rate. Tax-haven countries have the following characteristics:

- Low or zero withholding tax on most or certain classes of payments from the tax-haven country to foreign individuals and organizations;
- Low or zero effective income tax rates for foreign individuals and organizations operating within the tax-haven country; and
- Secrecy laws to prevent foreign governments from obtaining financial information about their own citizens and organizations.

A number of tax-haven countries have low tax rates in an effort to attract capital investment into the country, as well as financial investment.

In addition to tax haven countries, almost any treaty country can be an attractive conduit for third-country residents to invest in the United States with little or no withholding tax. All treaties may be subject to abuse by these third-country parties, and so new treaties with all countries now generally deny treaty benefits to residents of the treaty country if those benefits flow through to third-country residents. There is generally an exception to this rule, in different form depending on the treaty, if the resident of the treaty country is engaged in an active business in the treaty country and is not established or maintained merely to take advantage of the treaty. This is to prevent persons not entitled to treaty benefits from funneling U.S. source income through the treaty countries in order to minimize tax liability. The most notable of these tax treaty/tax haven countries has been the Netherlands Antilles.

For a number of years, the Netherlands Antilles served as the major conduit for placements of Eurobond issues and for other foreign borrowing by U.S. corporations. U.S. companies set up financial affiliates in the Antilles to borrow large amounts of foreign monies which they relend to the U.S. parent or other affiliates. The interest payments from the parent company to the Netherlands Antilles affiliate are exempt from U.S. tax withholding under the remaining portion of the United States-Netherlands Antilles treaty. Additionally, the U.S. corporation can claim the interest paid as a deduction on their federal income tax. The financial affiliates receive the interest as income but because the interest payments to

the third-country lenders are deductible on Netherlands Antilles tax returns, the financial affiliates have little net income for Netherlands Antilles tax purposes. In addition there is no withholding tax imposed by the Government of the Netherlands Antilles on the interest payments to the foreign lenders.

Although the Deficit Reduction Act of 1984 attempted to reduce such borrowing through tax haven countries by exempting most interest payments from the withholding tax, as of July 1987 there remained more than \$30 billion worth of outstanding Eurobond issues made through the Netherlands Antilles before July 18, 1984, the effective date of this portion of the Act [14]. The interest paid on this debt is still subject to reporting on Forms 1042S and therefore is included in these statistics. New issues, however, tend to be placed directly in the Eurobond market.

SUMMARY

U.S. source income paid to foreign persons rose 4 percent in 1987 to \$22.7 billion. The largest recipient of this income was Japan with \$4.5 billion. Japan's U.S. source income increased by 56 percent in 1987, following a trend of double digit increases. The removal of withholding tax on interest due to the Deficit Reduction Act of 1984, combined with the partial termination of the Netherlands Antilles treaty caused U.S. source income paid to the Antilles to drop 39 percent to \$1.7 billion in 1987. Interest remained the most common type of income, paid to all countries, accounting for 50 percent of the total paid in 1987.

Corporations, which received 62 percent of the total income paid, remained the largest class of recipients of U.S. source income, while foreign governments received the largest average payment (\$2,714,458).

Tax withheld on income paid to foreign persons rose 13 percent, to \$1.3 billion. Tax withheld on dividends made up the major portion of all tax withheld (68 percent).

DATA SOURCES AND LIMITATIONS

Payers of most U.S. source income to foreign persons must withhold tax in accordance with the Internal Revenue Code. Form 1042S, Foreign Persons' U.S. Source Income Subject to Withhold-

ing, is filed by the payer to report this income and the U.S. tax withheld. Often a financial institution acts as the payer's withholding agent.

The statistics in this article were tabulated by calendar year, based on all Forms 1042S filed with the IRS in 1987. The amounts shown represent the income that was paid and the U.S. tax that was withheld in 1987, except for U.S. tax withheld by foreign governments and withholding agents (which reflects the amount of tax remitted to the United States under treaty agreements during 1987). This additional tax cannot be properly attributed to specific income types and years. For this reason, tax withheld amounts throughout the article and percentages shown in Table 2 and Figures A, C, D, F and G do not include tax withheld by foreign governments and foreign withholding agents (except for Canada, which remits its tax payments during the same calendar year in which the U.S. income is paid).

Income that is "effectively connected" with a foreign person's U.S. trade or business is not subject to withholding tax, and is therefore generally not included in these statistics. This category of income was subject to the same graduated tax rates and methods of payment as the income of U.S. individuals and corporations. The U.S. source income discussed in this article also excludes bank deposit interest.

Because all Forms 1042S are included in the statistics, the data are not subject to sampling error. However, the data are subject to nonsampling error, such as computer data entry errors and minor taxpayer reporting errors. A limited computerized program was used to test the data for certain basic numerical relationships, including the calculation of the correct tax withheld. In addition, Forms 1042S with income greater than \$1 million were manually verified.

EXPLANATION OF SELECTED TERMS

Eurobond.--Eurobond placements are U.S. corporate bonds placed in foreign markets that are denominated and sold in dollars and that also yield dollar interest.

Foreign Person.--For purposes of this article, foreign persons include (a) individuals whose residence (for tax purposes) is not within the United

States and who are not U.S. citizens; and (b) corporations and other organizations, including partnerships, private foundations, estates, trusts, and charitable organizations, created or organized outside the United States. Persons residing in Puerto Rico and other U.S. possessions are also considered foreign persons for purposes of the income and withholding tax discussed in this article.

Foreign Tax Credit.--U.S. persons are subject to U.S. tax on their worldwide income. The portion of this income derived from foreign sources is also generally subject to tax by the country in which it was earned. In order to avoid double taxation on this foreign source income, U.S. tax law allows for a dollar-for-dollar credit against U.S. income tax for income taxes paid on the foreign source income to foreign governments. This credit is subject to a number of limitations [15].

Income Effectively Connected With a U.S. Trade or Business.--Income that is "effectively connected" with the conduct of a trade or business in the United States is exempt from withholding tax. This income is subject to substantially the same tax rates that apply to U.S. citizens, residents, and corporations. When a foreign corporation, for instance, has a business operation in the United States, it has to file a U.S. income tax return on Form 1120F and pay appropriate taxes on the income of this operation. When this income is then remitted by this U.S. branch of a foreign corporation to the foreign parent corporation, it is generally not subject to further U.S. taxation [16]. These amounts may be erroneously reported on Forms 1042S, but the extent of their inclusion in these statistics is unknown.

Nominee and Fiduciary.--An entity chosen or appointed to accept income for, or act on behalf of, the eventual recipient of the income. Typically, a financial institution acts as a nominee or fiduciary.

Resident (of a jurisdiction other than the United States).--A resident (other than a U.S. citizen) is a foreign "person" as described above.

Withholding Agent.--Any person (individual, corporation, partnership, estate, or trust) required to withhold tax. Usually the withholding agent is the payer of the income or a "person" (usually a financial institution) acting on behalf of the payer. A foreign nominee or fiduciary required to withhold additional tax under a tax treaty is also a withholding agent.

Foreign governments may also act as withholding agents by withholding additional taxes on persons who are not entitled to the treaty rates.

NOTES AND REFERENCES

- [1] U.S. source income includes, but is not limited to, interest, dividends, rents, royalties, capital gains, and compensation for personal services paid to foreign persons from sources within the United States. Many of these types of income are subject to a withholding tax at the source. The U.S. source income discussed in this article excludes bank deposit interest and income "effectively connected" with a U.S. trade or business. (See the "Explanation of Selected Terms" section of this article.) For a further discussion of U.S. source income, see U.S. Department of the Treasury, Internal Revenue Service, *Withholding of Tax on Nonresident Aliens and Foreign Corporations*, Publication 515, November 1988.
- [2] For an explanation of the varying withholding rates, see IRS Publication 515.
- [3] Prior to the passage of the 1984 Act, U.S. multinationals, seeking to borrow large amounts of money at interest rates below the prevailing U.S. rates, set up finance subsidiaries in the Netherlands Antilles and other tax haven countries. These subsidiaries borrowed large amounts of money in the Eurobond market and loaned that money to the parent. Smaller companies which needed to borrow less money, were substantially shut out of the Eurobond market, as the cost of setting up and maintaining a Netherlands Antilles finance subsidiary was prohibitive. As a result of the 1984 Act, small U.S. companies, as well as the Treasury, are now able to enter the foreign market directly. See "Explanation of Selected Terms."
- [4] Scholl, Russell B., "The Investment Position of the United States in 1987," *Survey of Current Business*, U.S. Department of Commerce, June 1987, pp. 79-80.
- [5] *Ibid.*, p. 80.
- [6] *Ibid.*
- [7] Foreign tax-exempt organizations are those corporations that would be tax-exempt under

- U.S. law despite the fact that they are incorporated in a foreign country. The tax exemption applies only to income "effectively connected" to the organization's tax-exempt purpose or function. Tax-exempt organizations may be taxed on "unrelated business income." See IRS Publication 515.
- [8] Computed using the implicit GNP price deflator, *Economic Report of the President*, February 1989, pp. 312-313.
- [9] Glasgall, William, et al., "An Investor the U.S. Can't Afford To Lose," *Business Week*, May 4, 1987, p. 32.
- [10] Scholl, op. cit., p. 80.
- [11] Brady, Rose and English, Victoria, "A Eurobond Bombshell," *Business Week*, July 13, 1987, p. 100.
- [12] Zigas, David, et al., "A Tempest Hits the Treasury" *Business Week*, July 20, 1987, p. 124.
- [13] For a list of specific tax treaty countries and their appropriate withholding rates, see IRS Publication 515.
- [14] Figures compiled by Salomon Brothers, Inc., and reported in the *Wall Street Journal*, June 30, 1987.
- [15] For further information on corporations claiming foreign tax credits, see Mose, Vergie A., "Corporate Foreign Tax Credit by Industry" in this issue of the *Statistics of Income Bulletin*.
- [16] For further information on foreign corporations with "effectively connected" income, see Hobbs, James R., "Foreign Investment and Activity in the United States Through Corporations, 1984 and 1985" *Statistics of Income Bulletin*, Spring 1989, Volume 8, Number 4.

Foreign Recipients of U.S. Income, and Tax Withheld, 1987

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Table 1.—Forms 1042S: Number of Returns, Total Income Paid, Tax Withheld, by Selected Treaty and Nontreaty Countries

[Money amounts are in thousands of dollars]

Country or geographic area	Number of Forms 1042S	Income paid			Tax withheld		
		Total	Exempt from withholding	Subject to withholding	Total	By domestic withholding agents	By foreign government and withholding agents
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total.....	1,081,571	22,748,677	12,329,619	10,419,057	1,431,074	1,307,308	123,763
Treaty countries, total.....	783,272	19,899,575	10,447,512	9,452,065	1,202,058	1,078,295	123,763
Australia.....	20,095	187,166	83,533	103,632	16,738	16,738	—
Austria.....	4,831	30,993	18,862	12,131	2,002	2,002	—
Belgium.....	11,394	999,399	917,977	81,422	15,181	11,660	3,521
Canada.....	315,930	1,742,873	1,113,341	629,532	92,479	92,479	—
Denmark.....	3,251	30,606	22,856	7,750	1,156	1,153	3
Egypt.....	1,214	2,371	1,565	806	135	135	—
Finland.....	1,254	36,560	29,753	6,808	654	654	—
France.....	22,473	693,479	263,742	429,737	41,766	41,158	608
Greece.....	15,553	40,907	6,555	34,353	5,634	5,634	—
Ireland.....	8,374	26,931	10,643	16,288	2,644	2,517	127
Italy.....	34,770	244,088	188,711	55,377	7,007	7,007	—
Jamaica.....	2,288	6,794	1,195	5,599	806	806	—
Japan.....	23,476	4,464,485	1,919,955	2,544,530	288,778	288,778	—
Luxembourg.....	4,467	114,023	62,200	51,823	15,495	12,699	2,796
Netherlands.....	11,218	1,930,405	840,486	1,089,919	81,129	81,129	—
Netherlands Antilles.....	3,743	1,736,794	1,473,300	263,494	26,727	26,726	1
New Zealand.....	2,655	9,294	3,328	5,966	891	891	—
Norway.....	6,610	42,328	26,175	16,153	2,528	2,528	—
Philippines.....	29,601	77,377	4,002	73,375	11,722	11,722	—
Poland.....	2,881	13,642	3,310	10,332	1,517	1,517	—
Sweden.....	8,129	140,908	52,929	87,979	7,449	7,449	—
Switzerland.....	36,685	1,657,933	596,664	1,061,269	243,022	129,349	113,673
Trinidad and Tobago.....	1,032	3,112	948	2,165	353	353	—
United Kingdom.....	127,378	4,267,678	1,999,063	2,268,615	244,235	241,201	3,034
West Germany.....	70,733	1,316,499	743,237	573,262	88,396	88,396	—
Other treaty countries.....	13,237	82,930	63,182	19,748	3,610	3,610	—
Nontreaty countries, total.....	298,299	2,849,102	1,882,107	966,989	229,013	229,013	—
Argentina.....	8,661	22,061	8,682	13,379	2,851	2,851	—
Bahamas.....	3,693	132,564	75,249	57,316	16,425	16,425	—
Barbados.....	656	7,539	3,748	3,792	828	828	—
Bermuda.....	2,388	138,799	69,627	69,172	20,497	20,497	—
Brazil.....	5,457	19,844	9,286	10,558	2,334	2,334	—
British Virgin Islands.....	956	36,378	11,628	24,750	7,027	7,027	—
Cayman Islands.....	2,091	137,604	119,151	18,453	5,210	5,210	—
Hong Kong.....	16,725	171,123	101,073	70,050	19,626	19,626	—
Israel.....	6,850	23,988	11,683	12,305	2,623	2,623	—
Jersey.....	492	25,559	8,774	16,785	4,681	4,681	—
Kuwait.....	1,418	182,769	172,168	10,601	3,161	3,161	—
Liberia.....	926	25,292	15,675	9,617	2,794	2,794	—
Liechtenstein.....	1,736	27,294	12,072	15,222	4,539	4,539	—
Mexico.....	90,070	278,221	70,580	207,642	37,381	37,381	—
Panama.....	8,180	219,722	128,458	91,264	26,789	26,789	—
Portugal.....	7,021	22,143	2,647	19,495	3,055	3,055	—
Puerto Rico.....	6,431	11,333	5,553	5,780	1,137	1,137	—
Saudi Arabia.....	4,492	146,185	139,066	7,119	2,082	2,082	—
Singapore.....	6,800	154,882	149,081	5,800	1,689	1,689	—
South Africa.....	2,777	7,285	2,764	4,520	1,203	1,203	—
Spain.....	9,732	48,554	22,735	25,819	5,607	5,607	—
Taiwan.....	5,002	41,264	35,129	6,135	1,390	1,390	—
United Arab Emirates.....	682	313,954	312,379	1,576	466	466	—
Venezuela.....	8,142	33,426	13,990	19,437	5,238	5,238	—
Other nontreaty countries.....	96,921	621,319	380,909	240,410	50,380	50,380	—

Note: Detail may not add to totals due to rounding.

Foreign Recipients of U.S. Income, and Tax Withheld, 1987

Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient

[Money amounts are in thousands of dollars]

Country or geographic area and recipient type	Number of Forms 1042S	Tax withheld	Income paid					
			Total	Interest	Dividends	Rents and royalties	Social security and railroad retirement	Personal service
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All countries, total.....	1,081,571	1,307,308	22,748,677	11,383,656	8,031,076	1,186,225	792,748	405,617
Individuals.....	856,634	220,996	2,156,416	310,634	513,107	73,244	792,748	189,419
Corporations.....	80,150	691,723	14,212,190	8,384,626	4,321,986	1,027,605	—	191,959
Argentina.....	8,661	2,851	22,061	9,848	4,015	181	3,509	1,739
Individuals.....	7,854	2,310	15,908	5,122	3,430	116	3,509	1,157
Corporations.....	114	120	2,604	2,416	143	30	—	—
Australia.....	20,095	16,738	187,166	85,186	60,675	16,551	3,847	16,109
Individuals.....	16,981	5,849	29,403	1,051	5,851	1,559	3,847	13,199
Corporations.....	1,258	3,158	101,432	79,989	7,294	11,155	—	2,493
Austria.....	4,831	2,002	30,993	14,067	7,498	683	2,988	1,584
Individuals.....	3,363	1,059	9,743	605	1,937	177	2,988	1,305
Corporations.....	323	676	17,518	12,227	4,419	373	—	22
Bahamas.....	3,693	16,425	132,564	65,814	52,427	1,488	643	375
Individuals.....	1,738	1,393	13,673	4,579	7,753	5	643	367
Corporations.....	1,260	7,462	64,438	32,171	22,819	576	—	—
Bahrain.....	425	737	12,047	7,891	3,824	52	—	15
Individuals.....	324	168	594	10	258	(¹)	—	15
Corporations.....	52	506	7,793	5,414	2,167	—	—	—
Barbados.....	656	828	7,539	3,196	3,008	18	995	3
Individuals.....	521	323	1,831	61	610	18	995	3
Corporations.....	72	480	3,861	1,489	2,238	—	—	1
Belgium.....	11,394	11,660	999,399	931,627	39,806	15,244	1,815	4,142
Individuals.....	9,006	1,973	17,697	3,946	4,132	374	1,815	3,705
Corporations.....	1,142	4,938	64,968	36,649	12,003	14,780	—	417
Bermuda.....	2,388	20,497	138,799	61,844	66,539	8,245	473	973
Individuals.....	1,278	912	5,107	1,654	2,463	61	473	273
Corporations.....	550	11,432	89,538	43,632	38,477	6,381	—	685
Bolivia.....	664	217	3,527	2,553	486	(¹)	144	15
Individuals.....	574	196	2,063	1,343	408	—	144	13
Corporations.....	19	1	168	159	1	—	—	1
Brazil.....	5,457	2,334	19,844	8,605	3,030	313	2,964	2,143
Individuals.....	4,858	1,802	14,053	4,068	2,378	221	2,964	1,677
Corporations.....	117	194	1,305	1,114	115	49	—	14
British Virgin Islands.....	956	7,027	36,378	6,481	10,158	17,843	—	11
Individuals.....	462	327	1,496	342	1,070	42	—	—
Corporations.....	329	6,550	32,542	4,366	8,564	17,753	—	11
Canada.....	315,930	92,479	1,742,873	750,627	571,636	70,749	180,594	47,669
Individuals.....	257,841	21,225	357,008	22,820	63,637	13,731	180,594	21,832
Corporations.....	18,082	53,610	996,746	562,659	300,777	47,540	—	23,533
Cayman Islands.....	2,091	5,210	137,604	107,502	18,555	623	357	425
Individuals.....	487	412	3,743	2,326	977	60	357	—
Corporations.....	1,323	3,724	89,434	13,712	1,582	563	—	422
Chile.....	3,166	983	9,190	4,890	1,736	121	1,161	300
Individuals.....	2,715	729	5,943	2,181	1,350	61	1,161	277
Corporations.....	108	109	1,590	1,361	178	50	—	—
China.....	5,389	942	32,435	4,790	1,789	9	56	18,347
Individuals.....	5,206	419	26,304	850	347	7	56	17,849
Corporations.....	24	82	1,915	1,289	3	1	—	465
Colombia.....	5,740	1,497	13,769	6,582	2,937	165	2,571	172
Individuals.....	5,083	1,309	10,358	4,192	2,402	95	2,571	167
Corporations.....	127	70	1,562	1,344	202	12	—	4
Costa Rica.....	2,608	856	10,275	2,707	1,136	72	2,543	145
Individuals.....	2,052	754	6,427	1,339	804	72	2,543	65
Corporations.....	119	73	1,186	848	236	—	—	78
Czechoslovakia.....	1,155	1,041	5,431	104	47	213	3,392	1,294
Individuals.....	1,092	817	4,679	102	46	17	3,392	745
Corporations.....	7	23	79	2	—	2	—	75
Denmark.....	3,251	1,153	30,606	16,622	2,594	5,386	3,387	840
Individuals.....	2,879	880	6,333	353	780	131	3,387	620
Corporations.....	152	143	13,304	6,654	979	4,950	—	14
Dominican Republic.....	3,224	1,162	8,589	558	329	26	6,720	231
Individuals.....	3,055	1,137	7,696	248	294	18	6,720	189
Corporations.....	38	6	150	129	13	2	—	1
Ecuador.....	2,257	856	7,225	1,790	793	437	2,998	427
Individuals.....	2,085	765	5,958	1,291	596	303	2,998	386
Corporations.....	47	53	540	248	137	111	—	2
Egypt.....	1,214	135	2,371	683	589	15	27	208
Individuals.....	1,117	118	2,100	493	514	14	27	204
Corporations.....	31	8	89	46	40	—	—	2
El Salvador.....	1,145	333	3,924	924	486	54	934	11
Individuals.....	934	299	2,813	881	377	54	934	11
Corporations.....	20	21	71	2	69	—	—	—
Finland.....	1,254	654	36,560	22,602	4,455	925	1,965	3,377
Individuals.....	1,133	412	4,497	997	213	100	1,965	631
Corporations.....	49	219	12,857	5,058	4,190	752	—	2,702
France.....	22,343	41,115	693,479	214,397	279,786	128,921	9,593	31,982
Individuals.....	15,320	7,825	83,016	6,164	34,196	8,691	9,593	13,466
Corporations.....	2,624	19,534	461,690	185,905	138,400	107,997	—	17,322
Greece.....	15,553	5,634	40,907	2,658	3,584	127	29,038	1,311
Individuals.....	14,860	5,189	38,136	1,378	2,310	113	29,038	1,223
Corporations.....	150	274	2,011	1,093	842	4	—	20
Guatemala.....	3,116	600	9,224	1,602	963	173	1,129	892
Individuals.....	1,901	516	3,899	1,221	686	164	1,129	234
Corporations.....	71	49	485	311	170	3	—	—
Guernsey.....	475	3,176	15,617	4,861	10,147	113	—	—
Individuals.....	136	156	542	143	274	109	—	—

Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient—Continued

[Money amounts are in thousands of dollars]

Country or geographic area and recipient type	Number of Forms 1042S	Tax withheld	Income paid					
			Total	Interest	Dividends	Rents and royalties	Social security and railroad retirement	Personal service
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Corporations	66	1,187	8,727	4,174	4,070	3	—	—
Honduras	1,323	453	5,454	554	478	69	987	383
Individuals	1,088	426	4,452	455	396	12	987	381
Corporations	19	14	91	13	36	40	—	2
Hong Kong	16,725	19,626	171,123	102,815	54,093	3,547	4,703	1,421
Individuals	13,165	7,273	42,593	15,043	19,958	774	4,703	602
Corporations	1,388	8,886	88,434	60,097	22,839	2,766	—	795
India	3,071	1,372	11,898	2,494	1,721	394	588	491
Individuals	2,718	1,170	8,504	280	816	389	588	424
Corporations	35	41	2,634	1,906	102	1	—	1
Indonesia	1,393	592	11,347	8,391	1,146	20	32	515
Individuals	1,223	306	2,866	371	747	20	32	490
Corporations	33	184	7,903	7,833	46	—	—	—
Iran	1,241	512	2,977	823	1,571	18	—	205
Individuals	1,154	277	2,050	666	806	18	—	203
Corporations	14	221	751	13	738	—	—	—
Ireland	8,374	2,517	26,931	8,055	7,758	517	7,865	1,193
Individuals	7,899	1,577	12,853	601	1,893	331	7,865	761
Corporations	125	104	8,305	7,377	636	60	—	222
Israel	6,850	2,623	23,988	10,178	3,649	681	3,472	2,063
Individuals	5,849	2,142	13,729	2,065	2,327	577	3,472	1,622
Corporations	196	234	7,074	6,032	738	24	—	107
Italy	34,770	7,007	244,088	87,120	33,558	20,863	85,889	6,829
Individuals	33,283	2,427	108,813	2,737	5,346	1,721	85,889	4,555
Corporations	382	2,087	108,623	73,923	14,330	18,222	—	1,116
Jamaica	2,288	806	6,794	307	563	72	4,606	128
Individuals	2,092	755	5,909	134	300	71	4,606	124
Corporations	27	43	302	65	237	—	—	—
Japan	23,476	288,778	4,464,485	2,834,056	888,368	353,987	10,175	83,109
Individuals	15,198	2,700	51,066	4,249	5,399	3,947	10,175	10,500
Corporations	2,957	238,076	3,508,727	2,446,217	568,850	341,979	—	71,447
Jersey	492	4,681	25,559	9,979	15,517	39	6	12
Individuals	100	107	466	195	258	—	6	7
Corporations	153	1,914	7,532	982	6,510	34	—	3
Kuwait	1,418	3,161	182,769	131,344	50,610	67	—	39
Individuals	1,092	465	3,419	849	2,409	57	—	39
Corporations	101	1,552	30,294	24,869	5,339	—	—	—
Lebanon	1,560	709	4,546	1,585	1,251	82	351	58
Individuals	1,415	650	4,108	1,378	1,059	82	351	56
Corporations	39	34	114	6	108	—	—	—
Liberia	926	2,794	25,292	11,953	9,720	146	46	26
Individuals	382	224	1,104	114	693	—	46	26
Corporations	464	1,460	19,838	11,124	5,476	146	—	—
Liechtenstein	1,736	4,539	27,294	12,398	14,049	617	5	3
Individuals	316	946	4,360	1,871	2,378	59	5	—
Corporations	1,074	2,097	12,532	5,084	6,865	550	—	1
Luxembourg	4,467	12,699	114,023	58,777	52,124	48	171	919
Individuals	874	173	4,147	2,745	885	(¹)	171	194
Corporations	1,666	3,830	58,640	38,990	17,592	47	—	724
Malaysia	1,713	306	4,455	3,269	640	42	24	102
Individuals	1,563	245	1,097	33	541	40	24	99
Corporations	40	50	224	159	34	(¹)	—	—
Mexico	90,070	37,381	278,221	77,029	25,144	6,705	151,205	3,366
Individuals	87,243	32,294	236,053	46,853	20,351	6,067	151,205	2,209
Corporations	627	3,922	22,475	14,725	2,445	300	—	471
Monaco	637	1,916	12,271	5,493	4,888	114	127	1,090
Individuals	411	996	3,999	1,987	1,101	98	127	567
Corporations	115	467	3,716	719	2,577	5	—	57
Netherlands	11,218	81,129	1,930,405	726,960	1,126,466	46,933	5,004	6,722
Individuals	8,431	3,948	44,541	9,874	18,953	586	5,004	5,284
Corporations	1,145	51,272	1,589,654	663,366	868,834	44,544	—	1,163
Netherlands Antilles	3,690	26,726	1,736,794	1,346,940	290,231	85,580	370	351
Individuals	1,344	1,041	15,386	7,988	6,358	37	370	33
Corporations	1,785	16,462	1,498,594	1,287,824	117,173	85,015	—	318
New Zealand	2,655	891	9,294	1,431	4,881	561	303	1,384
Individuals	2,216	297	2,412	304	698	135	303	283
Corporations	131	414	5,533	908	3,193	411	—	1,019
Norway	6,610	2,528	42,328	11,891	5,501	824	10,830	821
Individuals	6,065	1,939	14,600	379	954	753	10,830	786
Corporations	234	446	13,721	10,096	3,604	7	—	12
Panama	8,810	26,789	219,722	132,697	73,878	7,775	960	176
Individuals	2,401	1,676	10,982	4,038	4,685	93	960	108
Corporations	4,556	19,982	165,119	94,742	59,897	7,621	—	16
Peru	2,450	550	4,768	1,852	1,028	73	808	108
Individuals	2,171	442	3,675	1,339	782	49	808	84
Corporations	40	57	246	125	104	18	—	—
Philippines	29,601	11,722	77,377	2,972	3,023	96	66,434	553
Individuals	29,022	11,557	76,080	2,334	2,431	94	66,434	541
Corporations	104	99	756	380	363	2	—	6
Portugal	7,021	3,055	22,143	2,424	716	25	18,201	117
Individuals	6,820	3,003	19,829	284	584	19	18,201	107
Corporations	76	5	1,476	1,450	14	(¹)	—	10
Puerto Rico	6,431	1,137	11,333	6,881	685	(¹)	3,320	305
Individuals	5,778	708	4,340	187	441	(¹)	3,320	255
Corporations	403	403	6,749	6,575	142	—	—	30
Saudi Arabia	4,492	2,082	146,185	85,065	56,962	78	8	3,123
Individuals	3,756	1,326	7,000	874	5,218	78	8	141

Foreign Recipients of U.S. Income, and Tax Withheld, 1987

Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient—Continued

[Money amounts are in thousands of dollars]

Country or geographic area and recipient type	Number of Forms 1042S	Tax withheld	Income paid					
			Total	Interest	Dividends	Rents and royalties	Social security and railroad retirement	Personal service
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Corporations	100	179	33,589	7,629	25,890	—	—	69
Singapore	6,800	1,689	154,882	94,201	55,982	112	145	1,901
Individuals	5,975	618	3,083	685	1,591	102	145	154
Corporations	264	781	9,295	3,572	1,970	5	—	1,694
South Africa	2,777	1,203	7,285	527	1,226	741	500	1,660
Individuals	2,479	919	6,064	311	1,010	401	500	1,429
Corporations	47	103	357	102	108	142	—	5
South Korea	1,511	675	9,938	800	3,959	7	100	3,161
Individuals	1,422	179	5,372	119	333	7	100	2,996
Corporations	47	451	4,139	472	3,580	—	—	—
Spain	9,732	5,607	48,554	20,966	5,822	2,561	11,656	3,120
Individuals	8,922	3,876	24,780	3,137	3,662	274	11,656	1,819
Corporations	306	971	18,127	15,839	170	1,456	—	631
Sweden	8,129	7,449	140,908	27,262	77,703	7,442	10,796	10,902
Individuals	7,478	4,981	34,876	836	9,799	584	10,796	10,086
Corporations	256	1,808	95,783	22,563	64,617	6,632	—	382
Switzerland	36,685	129,348	1,657,933	708,702	742,832	115,816	4,015	20,983
Individuals	12,299	6,960	64,399	20,903	28,582	2,978	4,015	3,159
Corporations	15,911	63,800	1,052,569	571,005	346,850	109,280	—	16,953
Taiwan	5,002	1,390	41,264	33,359	4,063	4	144	2,383
Individuals	4,735	1,030	8,985	3,147	2,365	24	144	2,217
Corporations	61	279	4,692	3,883	597	2	—	162
Thailand	1,071	348	4,980	2,713	460	463	539	99
Individuals	978	312	2,390	207	387	456	539	99
Corporations	22	17	392	378	13	(¹)	—	—
Trinidad and Tobago	1,032	353	3,112	583	152	179	1,885	113
Individuals	966	346	2,726	221	130	179	1,885	113
Corporations	22	4	336	323	13	—	—	—
United Arab Emirates	682	466	313,954	156,946	155,815	4	7	—
Individuals	574	204	1,522	77	627	4	7	—
Corporations	35	224	1,285	162	749	—	—	—
United Kingdom	127,378	241,202	4,267,679	1,509,557	2,348,049	177,013	34,719	79,855
Individuals	80,764	13,718	170,311	19,220	45,800	15,870	34,719	33,667
Corporations	11,156	94,790	2,696,907	1,312,828	1,175,184	126,998	—	40,885
Uruguay	2,115	1,236	11,105	7,027	2,831	223	115	112
Individuals	1,162	491	3,816	1,676	1,149	209	115	91
Corporations	318	567	5,484	4,351	1,130	1	—	—
Venezuela	8,142	5,238	33,426	22,692	6,811	447	906	448
Individuals	6,833	2,043	14,572	6,653	4,479	271	906	363
Corporations	336	295	4,064	3,172	712	132	—	41
West Germany	70,733	88,396	1,316,499	553,305	591,610	72,922	31,824	21,743
Individuals	59,907	30,499	282,848	59,162	145,895	8,016	31,824	16,270
Corporations	2,608	47,619	917,167	467,882	370,116	60,956	—	3,858
Yugoslavia	3,980	2,483	15,122	260	506	102	11,356	227
Individuals	3,857	2,175	13,983	169	294	86	11,356	161
Corporations	22	23	81	—	77	(¹)	—	4
Other Countries	61,163	32,002	487,776	218,012	150,008	9,432	43,708	8,648
Individuals	48,359	12,281	125,236	14,124	18,144	1,363	43,708	6,701
Corporations	2,436	10,754	219,263	200,404	71,260	7,122	—	1,471

¹ Less than \$500.

Note: detail may not add to totals due to rounding.